

White House Conference on Aging

Solutions Forum

Philadelphia, March 12, 2005

Shelley Giordano

Shelley.giordano@wellsfargo.com



WHAT SENIORS WANT (AND DESERVE)

- Seniors wish to stay in their own comfortable, familiar, beloved environments suitable for aging safely*often with their pets as a prime consideration.*



Paradox :

Over 80% seniors wish to age in place but do not see home wealth as an asset to “draw down” in order to do so.



Size of Market

- Estimated \$2 TRILLION dollars in untapped senior equity
- Average senior home has \$73,000 available through a reverse mortgage



Overview of Industry

- Enormous Growth in Reverse Mortgage Industry
 1. HECM Growth 200 % in 3 years
 2. 2004 Volume is 36,000 loans
- Growth is in part due to
 1. Internet information easily accessible
 2. Real estate performs as an asset
 - * Over half senior net wealth is in real estate



FHA Restructured Reverse Mortgages in 1989 Product Much More Palatable

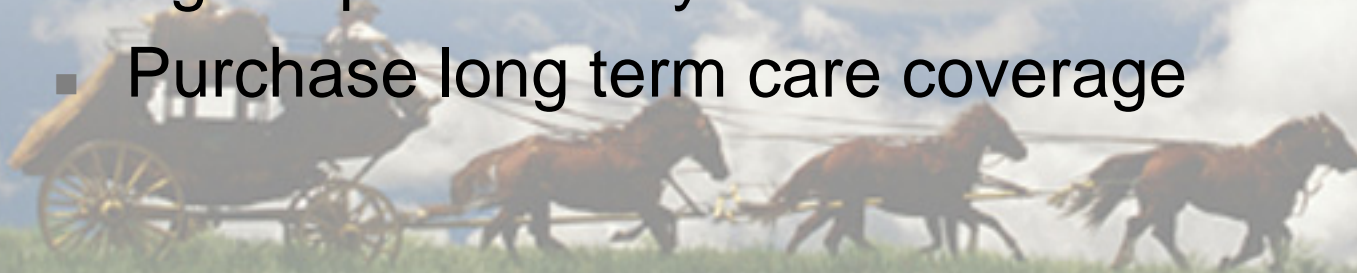
- **Safeguards**

1. Counseling required by FHA
2. Homeowners do not give up title
3. Homeowners cannot owe more than home's worth; remaining equity goes to estate, not bank
4. Homeowners stay in home even if money is used up
5. Homeowners never have to make payments until last borrower dies, moves , or sells



What Can Converting Home Equity Accomplish?

- Delay or avoid institutionalization/ impact on Medicaid
 - * Most importantly help support informal network of family caregivers
- Help seniors engage in social events...church, bingo, other social outlets
- Help seniors modify/improve their homes in order to age in place safely
- Purchase long term care coverage



Reverse Mortgages/ An Opportunity to Educate

**A Reverse Mortgage is above all a
“FAMILY SOLUTION !”**

**Educate the public that a reverse mortgage is a
component in a public/private partnership to
help seniors
AGE IN PLACE.**



Regulatory Recommendations

- Change funding so that seniors have rapid, convenient access to competent counseling.
- Support use of reverse mortgages in coops.
- Support *National Lending Limit*.
- Support use of reverse mortgages in new construction in conjunction with warranties.
- Eliminate cap on outstanding HECM loans.
- Educate lending community that reverse mortgages are an antidote to predatory lending for seniors with inferior credit, assets, or income.
- Support extended lock of expected rate.

